

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

Legislative Fiscal Note

BILL NUMBER: House Bill 959 (Second Edition)

SHORT TITLE: Large Mfg. Facility Extension/Study of 1%/\$80.

SPONSOR(S): Representatives Malone, Lewis, Starnes, and Collins

FISCAL IMPACT					
(\$ in thousands)					
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
State Impact	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
General Fund Revenues:	81.8	42.6	(124.4)		
General Fund Expenditures:					
NET STATE IMPACT	81.8	42.6	(124.4)	\$0	\$0
Local Impact					
Revenues:	34.5	17.9	(52.4)	0	0
Expenditures:					
NET LOCAL IMPACT	34.5	17.9	(52.4)	\$0	\$0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
North Carolina Department of Revenue					
EFFECTIVE DATE July 1, 2015					
TECHNICAL CONSIDERATIONS:					
None					

BILL SUMMARY:

This bill delays, by two fiscal years, an economic development incentive created during the 2011 session, S.L. 2011-302. S.L. 2011-302 expanded the definition of mill machinery. The bill expanded Article 5F, the 1%/\$80 excise tax, to include specialized machinery purchased by a large manufacturing and distribution facility. This change was scheduled to become effective July 1, 2013. HB 959 pushes the effective date back to July 1, 2015. The legislation also extends the incentive’s sunset by two years, from July 1, 2018 to July 1, 2020.

ASSUMPTIONS AND METHODOLOGY:

S.L. 2011-302 allowed purchases of specialized machinery for use in a manufacturing and distribution facility to be subject to the excise tax under Article 5F and exempt from the general

sales and use tax rate of 6.75%. Department of Commerce representatives indicated that the applicable distribution centers annually purchase \$500,000 in eligible machinery. The sales tax/mill machinery tax changes made in S.L. 2011-302 reduced General Fund availability by approximately \$42,000 annually.

HB 959 delays, by two fiscal years, the economic development incentive created during the 2011 session, S.L. 2011-302. The revised HB 959 effective dates increase General Fund availability in FY 2013-14 and FY 2014-15, by \$82,000 and \$42,000 respectively. Effective July 1, 2015, General Fund availability is reduced it by an equivalent amount in FY 2015-16.

SOURCES OF DATA: North Carolina Department of Commerce, Industry Representatives

TECHNICAL CONSIDERATIONS: None

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